

SENATE BILL REPORT

EHB 1648

As Reported by Senate Committee On:
Local Government, March 16, 2017

Title: An act relating to county treasurer administrative efficiencies.

Brief Description: Concerning county treasurer administrative efficiencies.

Sponsors: Representatives Stonier, Frame, Peterson, Harris, Vick, Wylie and Pike.

Brief History: Passed House: 2/28/17, 97-1.

Committee Activity: Local Government: 3/09/17, 3/16/17 [DPA].

Brief Summary of Amended Bill

- Clarifies the county treasurer's (treasurer's) duties for collecting and accepting payment for taxes.
- Authorizes treasurers to accept partial payment of taxes without the mandate of the taxpayer and treasurer signing a payment agreement for a payment plan.
- Authorizes electronic signatures on the mobile home real estate excise tax affidavits submitted to the Department of Revenue (DOR) for the reporting of a sale of real property.
- Clarifies and limits the definition of "tax foreclosure avoidance costs" to those direct costs associated with, rather than those costs that can be identified with, the administration of properties subject to and prior to foreclosure.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass as amended.

Signed by Senators Short, Chair; Angel, Vice Chair; Takko, Ranking Minority Member; Palumbo and Sheldon.

Staff: Bonnie Kim (786-7316)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: County Treasurer Duties. A treasurer is the custodian of county money and the administrator of the county's financial transactions. A treasurer may also serve as the ex officio treasurer for a special purpose district and provide financial services to districts and other units of local government. Treasurers have many duties enumerated in statute, which include receiving and disbursing money, issuing receipts for money received, and maintaining financial records reflecting receipts and disbursements. Each treasurer is responsible for notifying each taxpayer of the amount of taxes owed on the taxpayer's property and for collecting all taxes levied on personal and real property of the county.

Collection of Property Taxes. All taxes due on real and personal property are due and payable to the treasurer. To avoid interest and penalties, at least half of the amount owed is due by April 30th and the balance is due by October 31st. If the tax is less than \$50, the entire payment must be paid in full by April 30th. Delinquent tax payments are subject to interest and penalties.

Treasurers may use electronic bill presentment and payment (electronic billing) to collect taxes, assessments, fees, rates, and charges. As an option, a taxpayer may use this electronic process; however, the treasurer may not require its use. A treasurer must provide a payment agreement to each taxpayer for payment of current year taxes including any prepayments of collection charges. In instances where tax payments are past due, the treasurer may provide a payment agreement for payment of any past due delinquent taxes. The agreement for past due delinquencies must include a requirement that current year taxes are paid timely. The taxpayer and treasurer must sign a payment agreement prior to the treasurer using any electronic billing. A treasurer may accept partial payment of current and delinquent taxes due using electronic billing and payments. If a taxpayer is successfully participating in a payment agreement, the county may not assess additional penalties on delinquent taxes that are included in the payment agreement.

Tax Foreclosure Costs. Prior to filing a certificate of delinquency, treasurers may assess and collect tax foreclosure avoidance costs against real property for costs that can be "identified specifically with" the administration of properties subject to and prior to foreclosure. Tax foreclosure avoidance costs include: (1) compensation of employees for the time devoted and identified specifically to administering the avoidance of property foreclosure; and (2) the cost of materials, services, or equipment acquired, consumed, or expended specifically for the purpose of administering tax foreclosure avoidance prior to the filing of a certificate of delinquency.

The county's current expense fund must include credits from all collections of interest on delinquent taxes. The treasurer's operation and maintenance fund, used as a revolving fund, must include any amounts collected from the cost of foreclosure and sale of real property and the costs of distraint and sale of personal property, for delinquent taxes. This revolving fund defrays the cost of further foreclosure, distraint, and sale of real and personal property for delinquent taxes without regard to budget limitations.

Excise Tax Affidavits. When a mobile home is sold and no instrument is recorded in the official real property records of the county where the property is located, the sale of the property must be reported to DOR within five days from the date of sale. The report must be submitted on forms and according to procedures as prescribed by the DOR. For purposes of

mobile home real estate excise tax affidavits, both the transferor and transferee must sign the forms and the forms must accompany payment of any tax due.

Summary of Amended Bill: County Treasurer Duties. Treasurers must provide a printed notice or electronically publish the amount of taxes owed for each taxpayer. The name of each tax and levy in the property tax information posted located on a treasurer's website satisfies the notice requirement if real property taxes are paid by a bank.

Collection of Property Taxes. The mandate that a treasurer provide a payment agreement to taxpayers for payment of current year taxes is made discretionary. A treasurer may accept partial payments of current and delinquent taxes by any means authorized.

Tax Foreclosure Costs. The definition of "tax foreclosure avoidance costs" is amended to include those "direct costs" associated with, rather than costs that can be "identified with," the administration of properties subject to and prior to foreclosure. As a result, the proceeds from the direct cost of foreclosure and direct costs of distraint, due to delinquent taxes, must be credited to the operation and maintenance fund of the county treasurer prosecuting the foreclosure or distraint.

Excise Tax Affidavits. When real property is sold but no instrument is recorded in the official real property records, mobile home real estate excise tax affidavits submitted to the DOR must be signed, manually or electronically, by both the transferor and transferee.

EFFECT OF LOCAL GOVERNMENT COMMITTEE AMENDMENT(S):

- Makes clear that taxpayers may get relief from additional penalties and interest if successful under a partial payment agreement.
- Retains and makes discretionary a county treasurer's authority to provide a payment agreement for both current and delinquent taxes.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill modernizes county processes. This bill will save Clark County \$45,000 in printed materials.

OTHER: The striking language from HB 1991 added to this bill raises a few concerns for WACO. WACO has offered amendment language. Treasurers have expressed concerns about the striking amendment language. Treasurers are more comfortable with the bill with WACO's suggested amendment language.

Persons Testifying: PRO: Representative Monica Jurado Stonier, Prime Sponsor; Doug Lasher, Clark County Treasurer.

OTHER: Army Davis, WSACT. (County Treasurers); Monty Cobb, WA Association of County Officials.

Persons Signed In To Testify But Not Testifying: No one.